

Message Text

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71

ACTION ARA-10

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TO SECSTATE WASHDC 4079

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E.O. 11652: N/A

TAGS: E/NV, ECEM, SPOP, MX

SUBJECT: BARBASCO PRICES

REF: STATE 065874

1. OFFICER OF SYNTEX SAYS THAT BARBASCO PRICE IS CURRENTLY UNDER REVIEW BY 6-MEMBER BOARD, HALF-GOVERNMENT AND HALF-PRIVATE SECTOR. BOARD CONSTITUTED AFTER FIRM'S APPEAL TO SECRETARY OF NATIONAL PATRIMONY (SEPANAL), SUBSECRETARY OF INDUSTRY, AND PRESIDENCY SUBSECRETARY BREMER WHO IS ALSO PRESIDENT OF PROQUIVEMEX BOARD OF DIRECTORS. RESULTS EXPECTED IN ONE OR TWO MONTHS BECAUSE OF COMPLEXITY OF DATA SHOWING RELATIONSHIP OF PRICE OF RAW MATERIAL TO WIDE-RANGE OF FINISHED PRODUCTS. COMPANIES WILL BE FORCED TO BUY LESS BARBASCO AND CUT PRODUCTION OF BARBASCO-BASED PRODUCTS. GOVERNMENT CONCERNED ABOUT POSSIBLE LOSS OF EXPORTS. AS SYNTEX MORE DIVERSIFIED, LESS VULNERABLE THAN SEARLE OR GERMAN FIRM PROQUINA.

2. PROQUIVEMEX WAS FOUNDED IN JANUARY 1975, WITH 80 PERCENT GOVERNMENT PARTICIPATION AND 20 PERCENT BY PHARMACEUTICAL FIRMS CONTROLLED BY SEPANAL. BARBASCO PRICE FIRST RAISED FROM 12 TO 20 PESOS IN JANUARY 75, CONSIDERED ACCEPTABLE BY PRIVATE FIRMS. LATEST HIKE TO 70 PESOS BECAME MATTER OF CONCERN BECAUSE OF LOSS OF ECONOMIC COMPETITIVENESS WITH OTHER SOURCES OF STEROID HORMONES. PRESS CAMPAIGN WAS STAGED

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TO FORCE COMPANIES TO BUY AT NEW PRICE.

3. PROQUIVEMEX HAS OTHER PROJECTS, BUYING ONE PHARMACEUTICAL
LABORATORY AND POSSIBLY ANOTHER. IT IS REPORTEDLY INTERESTED
IN PRODUCING ANTIBIOTICS, STARCH, ACETIC ACID FOR PUBLIC
SECTOR PURCHASES. PRIVATE SECTOR CONCERNED OVER POSSIBLE
LOSS OF SIZEABLE MARKET ALTHOUGH PRICES FOR GOVERNMENT SALES
HAVE BEEN SET AT LOW LEVEL.
THOMPSON

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